

# Banking In Michigan

## Regulation Overload

An MBA Overview

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- What is the Michigan Bankers Association (MBA)
- Dual Banking System
- Regulations, Regulations, Regulations
- Trends In Banking
- Issues to Keep an Eye On

## TODAY'S AGENDA



- Established in 1887
- A Tax Exempt Non Profit Corporation
- Formed to Protect the Interests of Michigan Banks in Washington and Lansing

### THE MICHIGAN BANKERS ASSOCIATION

The Premier Representative of Michigan Banks.

Represents 115 of the banks with a physical presence in Michigan.



### BEFORE DODD FRANK

- National Banking Association ("national banks")
  - National Bank Act, 12 USA 1 et seq.
  - Comptroller of the Currency ("OCC")
- Federal Associations (Federal savings and loans)
  - Home Owners Loan Act of 1993, 12 USC 1461 et seq.
  - OCC
- Federal Credit Unions
  - NCUA

### AFTER DODD FRANK

- National Banking Association ("national banks")
  - National Bank Act, 12 USA 1 et seq.
  - OCC
  - CFPB
- Federal Associations (Federal savings and loans)
  - Home Owners Loan Act of 1993, 12 USC 1461 et seq.
  - OCC
  - CFPB
- Federal Credit Unions
  - NCUA
  - CFPB

## FEDERAL BANKING SYSTEM





## CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)



- ▶ Michigan Banking Corporations  
(i.e. State Chartered Banks)
  - ▶ Michigan Banking Code of 1999.  
MCL 487-1101 et seq.
  - ▶ Department of Insurance and Financial Services ("DIFS")
- ▶ Michigan Savings and Loans Associations
  - ▶ Michigan Savings and Loan Association Act.  
MCL 491.102 et seq.
  - ▶ DIFS
- ▶ Michigan Credit Unions
  - ▶ Michigan Credit Union Act. MCL 490.1 et seq.
  - ▶ DIFS
- ▶ Michigan Savings Banks
  - ▶ Michigan Savings Bank Act. MCL 487.3101 et seq.
  - ▶ DIFS

## STATE BANKING SYSTEM



REGULATIONS REGULATIONS  
REGULATIONS ... OH MY!

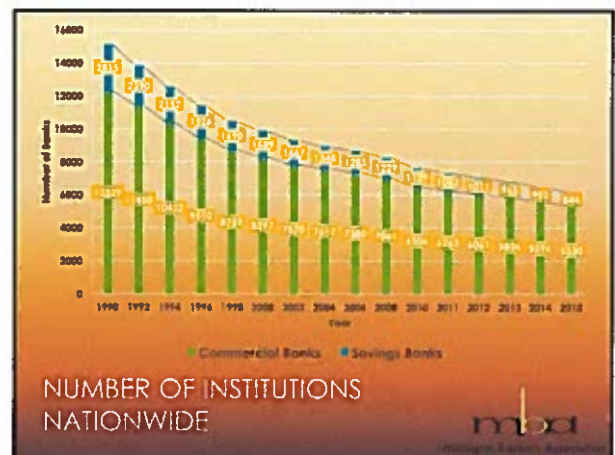
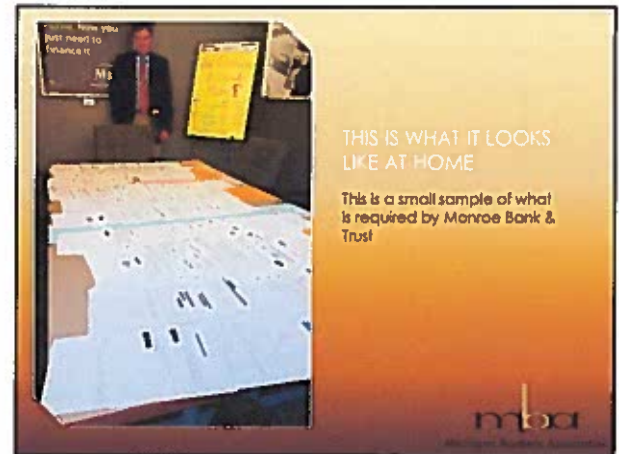


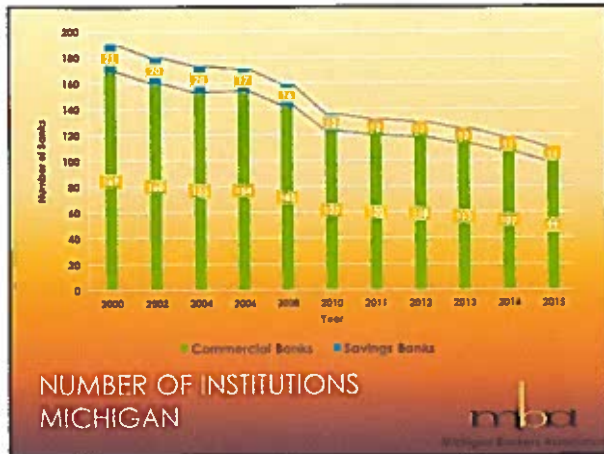
- ▶ Safety and Soundness
- ▶ Consumer Compliance
- ▶ Bank Secrecy Act
- ▶ Trust Operations  
(when chartered)
- ▶ Community Reinvestment Act
- ▶ Bank Holding Company
- ▶ Plus anything else that CFPB  
throws at financial institutions.

### EXAMINATIONS

Banks are periodically  
examined by state and  
federal regulators in a number  
of areas.







- We work to prevent or quickly detect fraud in all its forms
- When fraud occurs (or is likely when there is a retailer breach) we eat the cost of reissuing new cards.
- Most breaches are due to intentional breaches by criminals targeting payment system and lead to:
  - Identity theft
  - Counterfeit cards
  - Phishing scams

**CYBER SECURITY DATA BREACHES**

Michigan banks dedicate millions of dollars annually to data security and adheres to strict regulatory and network requirements

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- Weakness in payment system is at retailers point of sale
  - Not using chip card reader
  - Employees inadvertently mishandles customer data

**CYBER SECURITY DATA BREACHES**

State Policy Options

**POLICY SUGGESTION:**

- State can clarify who is responsible for keeping customer whole
- Allow financial institution to recover cost of new cards

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- Important to financial institutions to establish where previous owners liability for brownfield ends.
- Financial institutions want to work closely with SBA and other commercial lending programs to turn these properties around through sound lending opportunities.

**DIGITAL RECORDS WITH MDEQ**

Current Process for Accessing MDEQ Records on Brownfield Properties is Time Consuming and Overly Burdensome.

It Leads to Missed Opportunities and/or Delays to Redevelop These Properties


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- Expand Existing MDEQ Electronic Documents for Entire Department
- Develop a Public-facing Web-based Information Access/sharing System for Brownfield Properties
  - Similar to Ohio/Indiana Environmental Departments
- Important for Legislators to Express this Need to MDEQ for Increased Transparency

**DIGITAL RECORDS WITH MDEQ**

State Policy Option

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**QUESTIONS**

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- Retirement Plans Shifting to 401(k).
- Social Security No Longer a Major Source for Retirement Income
- Hundreds of Different Financial Options, Products, Mortgages, Investment Options
- More Choices of Financial Institutions to Choose From (e.g. bank, credit unions, brokerage firms, insurance firms, credit card companies, mortgage companies, financial planners, etc.)

**FINANCIAL LITERACY**

A Strong Defense Against Fraud is Building Up Consumers Knowledge of Financial Issues/Operations.

More and More, the Burden of Making Sound Financial Decisions Come to rest on the Shoulders of Consumers.

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- MBTeach School Banking
  - Work with Elementary Students
- Banker Jr.
  - Student Mobile Banking Application
- MBTeach High School
  - EverFI Online Curriculum
- MBTeach Adult Workshops & Team Training
- GreenPath Financial Wellness
  - Financial Counseling
- Monroe County Learning Bank Network
- Annual Green Apple Awards
- Other Programs
  - Career Days, Open Houses, PTO Presentations, Branch Tours, Panel Discussions, Community Outreach Initiatives

**FINANCIAL LITERACY**

Michigan Banks Are Required to Support These Efforts Through the Community Reinvestment Act (CRA)

**POLICY OPTION:**

Support These Efforts by including in high school curriculum.

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